WhyHunger, Inc.

FINANCIAL STATEMENTS

December 31, 2019 and 2018

Sheehan & COMPANY

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Sheehan & COMPANY

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A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
WhyHunger, Inc.

We have audited the accompanying financial statements of WhyHunger, Inc., (a non-profit organization) which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
WhyHunger, Inc.
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WhyHunger, Inc. as of December 31, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sheehan & Company CPA, P.C

Brightwaters, New York
May 27, 2020

WhyHunger, Inc.

STATEMENTS OF FINANCIAL POSITION

For the Years Ended December 31, 2019 and 2018

ASSETS

	2019	2018
Current assets:		
Cash and cash equivalents	$ 90,227	$ 251,662
Investments at fair value	784,381	627,262
Contributions and accounts receivable, current	857,657	1,093,786
Prepaid and other assets	140,965	92,014
Total current assets	1,873,230	2,064,724
Long-term assets:		
Fixed assets, net	6,821	7,054
Intangible assets, net	2,324	6,974
Contributions and accounts receivable, long-term	9,000	6,000
Total long-term assets	18,145	20,028
Total assets	$ 1,891,375	$ 2,084,752

LIABILITIES AND NET ASSETS

	2019	2018
Liabilities:		
Accounts payable and other liabilities	$ 128,642	$ 224,054
Grants payable	35,000	52,163
Line of credit	150,000	-
Total current liabilities	313,642	276,217
Net assets:		
Without donor restriction:		
Undesignated	157,434	321,072
Designated by the Board for endowment	656,958	534,219
Total without donor restriction	814,392	855,291
With donor restriction:		
Purpose restricted	656,341	844,244
Time restricted for future periods	7,000	9,000
Perpetual in nature	100,000	100,000
Total with donor restriction	763,341	953,244
Total net assets	1,577,733	1,808,535
Total liabilities and net assets	$ 1,891,375	$ 2,084,752

The accompanying notes are an integral part of these financial statements

WhyHunger, Inc.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
Revenue and support:			
Individual contributions	$ 191,908	$ 20,346	$ 212,254
Foundation grants and corporate donations	754,811	470,546	1,225,357
Artists Against Hunger and Poverty/Hungerthon	1,076,325	-	1,076,325
Special events, gross	587,779	-	587,779
Realized and unrealized gains on investments	117,447	26,580	144,027
Interest and other income, net investment fees	5,355	984	6,339
Miscellaneous	29,965	-	29,965
Net assets released from restrictions	708,359	(708,359)	-
Total revenue and support	3,471,949	(189,903)	3,282,046
Expenses:			
Program services:			
Grassroots Action Network	283,661	-	283,661
Artists Against Hunger and Poverty/Hungerthon	498,270	-	498,270
Nourish	1,073,575	-	1,073,575
Global Movements	571,828	-	571,828
General Media for Program Services	446,111	-	446,111
Total program services	2,873,445	-	2,873,445
Support services:			
Fundraising	382,432	-	382,432
Costs of direct benefit to donors	123,373	-	123,373
Management and general	133,598	-	133,598
Total support services	639,403	-	639,403
Total expenses	3,512,848	-	3,512,848
Change in net assets	(40,899)	(189,903)	(230,802)
Net assets, beginning of year	855,291	953,244	1,808,535
Net assets, end of year	$ 814,392	$ 763,341	$ 1,577,733

WhyHunger, Inc.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

	Without Donor Restriction	With Donor Restriction	Total
Revenue and support:			
Individual contributions	$ 227,285	$ 19,333	$ 246,618
Foundation grants and corporate donations	1,115,648	732,579	1,848,227
Artists Against Hunger and Poverty/Hungerthon	1,038,532	-	1,038,532
Special events, gross	478,073	-	478,073
Royalty income	330	494	824
Realized and unrealized gains on investments	(34,245)	(7,661)	(41,906)
Interest and other income (expense), net investment fees	1,287	(288)	999
Net assets released from restrictions	621,901	(621,901)	-
Total revenue and support	3,448,811	122,556	3,571,367
Expenses:			
Program services:			
Grassroots Action Network	69,051	-	69,051
Artists Against Hunger and Poverty/Hungerthon	550,198	-	550,198
Nourish	906,444	-	906,444
Global Movements	906,143	-	906,143
General Media for Program Services	529,379	-	529,379
Total program services	2,961,215	-	2,961,215
Support services:			
Fundraising	314,415	-	314,415
Costs of direct benefit to donors	132,525	-	132,525
Management and general	155,013	-	155,013
Total support services	601,953	-	601,953
Total expenses	3,563,168	-	3,563,168
Change in net assets	(114,357)	122,556	8,199
Net assets, beginning of year	969,648	830,688	1,800,336
Net assets, end of year	$ 855,291	$ 953,244	$ 1,808,535

The accompaying notes are an integral part of these financial statements

WhyHunger, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	Program Services						Supporting Services				
	Grassroots Action Network	Artists Against Hunger and Poverty/ Hungerthon	Nourish	Global Movements	General Media for Program Services	Total Program Services	Fundraising	Costs of Direct Benefit to Donors	Management and General	Total Supporting Services	Total
Salaries and related expenses:											
Salaries	$ 163,914	$ 272,894	$ 248,418	$ 261,849	$ 201,667	$ 1,148,742	$ 202,796	$ -	$ 99,241	$ 302,037	$ 1,450,779
Payroll taxes and employee benefits	33,216	55,600	56,411	62,808	41,180	249,215	52,327	-	17,841	70,168	319,383
Total salaries and related expenses	197,130	328,494	304,829	324,657	242,847	1,397,957	255,123	-	117,082	372,205	1,770,162
Other expenses:											
Professional and contract	35,000	24,788	73,410	17,343	131,228	281,769	38,916	6,064	3,156	48,136	329,905
Postage and shipping	106	19,468	439	355	200	20,568	514	-	45	559	21,127
Supplies and other office expenses	1,595	4,185	5,589	3,362	6,294	21,025	8,595	1,295	1,628	11,518	32,543
Telephone and internet	2,164	4,007	4,168	3,534	3,697	17,570	2,910	-	807	3,717	21,287
Occupancy	15,869	30,247	32,492	29,209	27,090	134,907	23,496	-	6,794	30,290	165,197
Staff travel	5,112	2,298	32,861	13,916	3,803	57,990	6,191	-	187	6,378	64,368
Printing and publications	67	6,200	215	89	-	6,571	2,503	2,216	-	4,719	11,290
Equipment rentals	468	891	1,208	861	798	4,226	692	-	200	892	5,118
Dues, fees and subscription	1,046	117	1,609	2,306	3,432	8,510	69	-	20	89	8,599
Conference and meetings	3,059	570	19,931	14,157	7,312	45,029	4,597	-	40	4,637	49,666
Grants, awards and donations	14,785	-	465,151	147,729	7,362	635,027	-	-	-	-	635,027
Bank charges and interest	2,095	11,529	4,228	3,794	3,517	25,163	15,339	-	1,606	16,945	42,108
Taxes, fines and penalties	46	87	93	84	78	388	2,317	-	18	2,335	2,723
Insurance	2,063	3,874	4,903	3,855	3,467	18,162	3,026	-	897	3,923	22,085
Advertising	-	2,125	114,471	-	50	116,646	145	-	-	145	116,791
Repairs and maintenance	482	919	987	888	824	4,100	714	-	206	920	5,020
Program supplies	-	51,498	-	-	-	51,498	8,517	-	-	8,517	60,015
Event venue and audiovisual expenses	-	-	-	-	-	-	-	113,798	-	113,798	113,798
Meals and entertainment	705	2,837	2,730	2,119	1,064	9,455	6,127	-	177	6,304	15,759
Miscellaneous	1,000	2,480	2,482	1,971	1,564	9,497	1,355	-	362	1,717	11,214
Total expenses before depreciation and amortization	282,792	496,614	1,071,796	570,229	444,627	2,866,058	381,146	123,373	133,225	637,744	3,503,802
Depreciation and amortization	869	1,656	1,779	1,599	1,484	7,387	1,286	-	373	1,659	9,046
Total expenses	$ 283,661	$ 498,270	$ 1,073,575	$ 571,828	$ 446,111	$ 2,873,445	$ 382,432	$ 123,373	$ 133,598	$ 639,403	$ 3,512,848

The accompanying notes are an integral
part of these financial statements

WhyHunger, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	Program Services						Supporting Services				
	Grassroots Action Network	Artists Against Hunger and Poverty/ Hungerthon	Nourish	Global Movements	General Media for Program Services	Total Program Services	Fundraising	Costs of Direct Benefit to Donors	Management and General	Total Supporting Services	Total
Salaries and related expenses:											
Salaries	$ 29,979	$ 294,150	$ 274,378	$ 271,496	$ 236,873	$ 1,106,876	$ 149,603	$ -	$ 92,088	$ 241,691	$ 1,348,567
Payroll taxes and employee benefits	6,281	62,393	67,350	64,118	47,319	247,461	38,383	-	17,791	56,174	303,635
Total salaries and related expenses	36,260	356,543	341,728	335,614	284,192	1,354,337	187,986	-	109,879	297,865	1,652,202
Other expenses:											
Professional and contract	2,227	42,041	44,597	18,610	169,292	276,767	34,596	16,809	3,174	54,579	331,346
Postage and shipping	20	15,025	380	317	213	15,955	962	1,247	45	2,254	18,209
Supplies and other office expenses	454	5,278	5,010	4,998	8,776	24,516	17,756	995	831	19,582	44,098
Telephone and internet	380	3,862	4,223	3,711	3,465	15,641	2,659	-	737	3,396	19,037
Occupancy	2,773	33,121	35,730	31,121	29,712	132,457	22,801	-	6,317	29,118	161,575
Staff travel	5,907	2,005	17,009	13,213	4,527	42,661	3,969	-	248	4,217	46,878
Printing and publications	1,547	7,584	47	3,994	-	13,172	1,136	2,543	-	3,679	16,851
Equipment rentals	165	1,971	2,126	1,852	1,768	7,882	1,357	-	376	1,733	9,615
Dues, fees and subscription	1,035	230	1,509	1,224	11,569	15,567	1,651	-	42	1,693	17,260
Conference and meetings	4,700	1,329	24,158	63,133	976	94,296	2,645	-	207	2,852	97,148
Grants, awards and donations	11,874	-	308,214	409,805	-	729,893	-	-	-	-	729,893
Bank charges and interest	204	9,986	2,625	2,756	2,183	17,754	7,396	-	464	7,860	25,614
Taxes, fines and penalties	152	1,814	1,957	1,704	1,627	7,254	3,499		30,183	33,682	40,936
Insurance	408	4,527	4,648	4,221	3,916	17,720	2,840	-	1,057	3,897	21,617
Advertising	5	55	101,937	52	190	102,239	15,144	-	11	15,155	117,394
Repairs and maintenance	124	1,486	1,603	1,396	1,333	5,942	1,023	-	283	1,306	7,248
Program supplies	-	42,335	-	-	-	42,335	2,440	-	-	2,440	44,775
Event venue and audiovisual expenses	-	-	-	-	-	-	-	110,931	-	110,931	110,931
Meals and entertainment	196	3,952	1,091	3,301	924	9,464	912	-	157	1,069	10,533
Miscellaneous	248	7,606	3,053	941	726	12,574	581	-	154	735	13,309
Bad debt expense	-	5,000	-	-	-	5,000	-	-	-	-	5,000
Total expenses before depreciation and amortization	68,679	545,750	901,645	901,963	525,389	2,943,426	311,353	132,525	154,165	598,043	3,541,469
Depreciation and amortization	372	4,448	4,799	4,180	3,990	17,789	3,062	-	848	3,910	21,699
Total expenses	$ 69,051	$ 550,198	$ 906,444	$ 906,143	$ 529,379	$ 2,961,215	$ 314,415	$ 132,525	$ 155,013	$ 601,953	$ 3,563,168

The accompanying notes are an integral
part of these financial statements

WhyHunger, Inc.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ (230,802)	$ 8,199
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	9,046	21,699
Realized gain on sale of investments	(102,586)	(37,527)
Unrealized loss (gain) on investments	(41,441)	79,434
Donated stocks	(117,698)	(93,478)
Decrease (increase) in assets:		
Contributions and accounts receivable	233,129	(305,873)
Prepaid and other assets	(48,951)	4,797
Increase (decrease) in liabilities:		
Accounts payable and other liabilities	(95,412)	49,284
Grants payable	(17,163)	2,786
Net cash used by operating activities	(411,878)	(270,679)
Cash flows from investing activities:		
Proceeds from sales of investments	717,889	204,683
Purchases of investments	(613,283)	(103,729)
Purchases of fixed assets	(4,163)	(5,648)
Net cash provided by investing activities	100,443	95,306
Cash flows from financing activities:		
Proceeds from line of credit	1,050,000	609,000
Principal payments of line of credit	(900,000)	(609,000)
Net cash provided by financing activities	150,000	-
Net decrease in cash and cash equivalents	(161,435)	(175,373)
Cash and cash equivalents, beginning of year	251,662	427,035
Cash and cash equivalents, end of year	$ 90,227	$ 251,662
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 16,007	$ 6,663

The accompanying notes are an integral
part of these financial statements

WhyHunger, Inc.

NOTES TO FINANCIAL STATEMENTS

1. **Nature of the Organization:**

WhyHunger, Inc. (WhyHunger) was founded in 1975 by singer/songwriter Harry Chapin and the former Executive Director, Bill Ayres, as World Hunger Year, Inc. On April 24, 2015, WhyHunger amended its certificate of incorporation to change its name from World Hunger Year, Inc. to WhyHunger, Inc.

WhyHunger believes a world without hunger is possible. WhyHunger provides critical resources to support grassroots movements and fuel community solutions rooted in social, environmental, racial and economic justice. WhyHunger is working to end hunger and advance the human right to nutritious food in the United States of America and around the world. WhyHunger's programs include Grassroots Action Network, Artists Against Hunger and Poverty/Hungerthon, Nourish, Global Movements and General Media for Program Services.

2. **Summary of significant accounting policies:**

Basis of presentation: The financial statements of WhyHunger have been prepared on the accrual basis of accounting.

Financial statement presentation: The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets be displayed in the Statements of Financial Position and that the amounts of change in each of those classes of net assets be displayed in the Statements of Activities.

In accordance with U.S. generally accepted accounting principles (U.S. GAAP), WhyHunger reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restriction - net assets available for general use to support operations. The only limits on the use of net assets without donor restriction are broad limits resulting from the nature of WhyHunger, the environment in which it operates and the purposes specified in its corporate documents.

WhyHunger's Board of Directors has designated a portion of net assets without donor restriction as a board designated endowment fund for the purpose of securing WhyHunger's long-term financial viability. Refer to Note 11 for more information.

2. Summary of significant accounting policies (continued):

Financial statement presentation (continued):

Net assets with donor restriction - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or programmatic purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and cash equivalents: WhyHunger considers all cash and highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments at fair value: Investments consist of common stock which are adjusted to their fair market value at the Statement of Financial Position date, resulting in either an unrealized gain or loss.

Investment income is recognized when earned and consists of interest and dividends. Dividends are recorded on the ex-dividend date. Purchases and sales are recorded on a trade-date basis.

Fair value measurements and disclosures: Accounts Standards Codification (ASC) 820, *Fair Value Measurement*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements.

ASC 820 defines fair value as the price to sell an asset or transfer a liability (i.e., the exit price) in an orderly transaction between market participants. Additionally, ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset developed based on market data obtained from sources independent of WhyHunger. Unobservable inputs are inputs that reflect WhyHunger's assumptions about the assumptions market participants would use in pricing the asset based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

2. Summary of significant accounting policies (continued):

Fair value measurements and disclosures (continued):

Level 1 - Observable inputs are unadjusted, quoted prices for identical assets or liabilities in active market at the measurement date. Level 1 securities include highly liquid U.S. Treasury securities, certain commons stocks and mutual funds.

Level 2 - Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date. Most debt securities, preferred stocks, certain equity securities, short-term investments and derivatives are model priced using observable inputs and are classified as Level 2.

Level 3 - Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Examples of Level 3 assets include investments in limited partnerships.

There are no financial assets or liabilities classified as Level 2 or 3 other than the intangible assets described in Note 8 that are designated as Level 3 assets under the fair value hierarchy described above.

The following table presents the changes in Level 3 software and technology investments measured at fair value on a non-recurring basis as of December 31:

	2019	2018
Balance, net, January 1	$ 6,974	$ 25,059
Amortization	(4,650)	(18,085)
Balance, net, December 31	$ 2,324	$ 6,974

Endowment: The New York Prudent Management of Institutional Funds Act (NYPMIFA) applies to the WhyHunger endowment fund. NYPMIFA provides guidance and authority to charitable organizations concerning the management and investment of endowment funds held. WhyHunger classifies as net assets with donor restrictions (to be held in perpetuity) the original value of the gifts donated to the donor restricted endowment and the original value of any subsequent gifts to the donor restricted endowment. Investment income from the donor restricted endowment is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by WhyHunger in a matter consistent with the donor stipulated purposes within the standard of prudence established by NYPMIFA.

2. Summary of significant accounting policies (continued):

Underwater endowment: WhyHunger considers its endowment to be underwater if the fair value is less than the sum of (1) the original value of initial and subsequent gift amounts donated to the endowment and (2) any accumulations to the endowment required to be held in perpetuity per donor direction. WhyHunger has no underwater endowment funds at December 31, 2019 and 2018.

Contributions and promises to give: Contributions received, including unconditional promises to give, if any, are reported at their net realizable values. Gifts of cash and other assets are reported as with donor restriction if they are received with donor stipulations that limit their use or if they are intended to support activities in future periods.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the same reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

WhyHunger records special events revenue equal to the fair value of direct benefits to donors and contribution income for the excess received when the special event takes place.

Provisions for doubtful accounts: All receivables, as stated in the financial statements, are deemed by WhyHunger's management to be fully collectible. Accordingly, no allowance for doubtful accounts has been established at December 31, 2019.

Donated services and materials: Donated stock is recorded at its fair market value at the time of the donation. Where measurable, gifts in-kind are recorded at their fair market value. During the years ended December 31, 2019 and 2018, WhyHunger did not receive any in-kind donations where the fair market value was not measurable.

2. Summary of significant accounting policies (continued):

Donated services and materials (continued):

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased. Volunteers provided various services throughout the year to WhyHunger that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Advertising: Advertising is charged to expense as incurred. During the years ended December 31, 2019 and 2018, WhyHunger received donated web-based advertising valued at $112,200 and $101,852, respectively.

Fixed assets: Fixed assets are stated at cost. WhyHunger capitalizes expenditures for additional renewals and betterments. Depreciation is computed over the estimated useful lives of the assets by the straight-line method for financial reporting as follows:

Furniture and fixtures	5-7 years
Computer and office equipment	5 years
Leasehold improvements	5 years

Leasehold improvements are depreciated over the shorter of the lease term or the estimated useful lives of the related assets.

Long-lived assets: Long-lived assets are calculated for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through estimated undiscounted future cash flows from the use of these assets. When any such impairment exists, the related assets will be written down to fair value. No such impairment losses have been necessary through December 31, 2019.

Intangible assets: Intangible assets subject to amortization include software and technology assets, which are being amortized on a straight-line method over five years.

Grants payable: Grants authorized but unpaid at year-end are reported as liabilities. All grants payable are classified as current on the Statements of Financial Position.

Deferred revenue: Revenue related to receipts collected prior to the occurrence of special events is deferred and recognized in the period in which the special event is held. WhyHunger recorded no deferred revenue at December 31, 2019 or 2018.

2. Summary of significant accounting policies (continued):

Functional allocation of expenses: The Statements of Activities reports expenses by both natural and functional classification. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs are directly applied to the related program or supporting service category when identifiable and possible. General operating costs across nearly all-natural categories are allocated on the basis of estimates of time and effort.

Income taxes: WhyHunger was incorporated in the State of New York and is exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, WhyHunger has been determined by the Internal Revenue Service (IRS) not to be a "private foundation" within the meaning of Section 509(a) of the Code.

WhyHunger offers employees the opportunity to pay for qualified transportation fringe benefits on a pre-tax basis. Effective in 2018 under section 512(a)(7) of the Tax Cuts and Jobs Act of 2017, this benefit was considered Unrelated Business Income (UBI) subject to tax. For the year ended December 31, 2018, the Organization paid unrelated business income tax (UBIT) related to this benefit of $5,382. Under the Taxpayer Certainty and Disaster Tax Relief Act signed into law on December 20, 2019, UBIT on tax-exempt organization disallowed fringes was repealed retroactively. Therefore, the Organization expects to receive a refund of $5,543 and $5,487 related to payments made during 2019 and 2018, respectively. Total receivable of $10,869 is reflected within contributions and accounts receivable at December 31, 2019 on the Statement of Financial Position.

ASC 740 requires that organizations must recognize the tax impact of a tax position taken on a tax return when it is more likely than not that the position will not be sustained on audit, based on the technical merits of the position. WhyHunger does not believe there are any material uncertain tax positions and, accordingly, has not recognized any liability for unrecognized tax benefits. WhyHunger has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, WhyHunger has filed Internal Revenue Service Form 990 tax returns, as required. During 2018, WhyHunger received notification from the IRS of amounts owed related to a late-filed payroll tax return with related interest from a prior tax period. A total of $29,965 was reflected within taxes, fines and penalties on the 2018 Statement of Functional Expenses.

2. Summary of significant accounting policies (continued):

Income taxes (continued):

A dispute has been duly filed with the IRS and WhyHunger is awaiting a ruling. During 2019, the Organization's payroll processing company agreed to provide for any amounts owed related to the late-filed payroll tax return once a final IRS ruling is obtained. Accordingly, the Organization has reflected a total of $29,965 within miscellaneous revenue on the 2019 Statement of Activities.

Use of estimates: In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of credit risk: Financial instruments, which potentially subject WhyHunger to concentration of credit risk, consist primarily of cash and cash equivalents. At times, WhyHunger has cash deposits at financial institutions which exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits.

Change in accounting principle: In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 establishes principles for reporting revenue arising from an organization's contracts with customers. The core principle of ASU 2014-09 requires an organization to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. The guidance uses a principles-based approach for determining revenue recognition and eliminates the transaction and industry-specific guidance. The new guidance establishes a five-step approach to the recognition of revenue. The Organization has adopted ASU 2014-09 as of and for the year ended December 31, 2019 with retrospective application for the 2018 financial statements. The timing of the Organization's revenue recognition was not affected by this new standard and there was no change in net assets as a result of adoption of this new guidance.

2. **Summary of significant accounting policies (continued):**

Change in accounting principle (continued):

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves guidance for contributions received and contributions made and provides guidance on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, ASU 2018-08 is expected to enhance comparability of financial information among not-for-profit entities. The change in accounting principle was adopted retrospectively. Adoption of ASU 2018-08 did not result in any material change to how the Organization accounts for contributions and as a result there was no impact on the comparative December 31, 2018 financial information and no cumulative-effect adjustment to opening net assets as of January 1, 2019.

Subsequent events: Subsequent events have been evaluated through May 27, 2020, which is the date the financial statements were available to be issued.

3. **Investments at fair value:**

Investments at December 31, 2019 at fair value are summarized below:

	Cost	Fair Value
Common stocks	$647,200	$784,381

Investments at December 31, 2018 at fair value are summarized below:

	Cost	Fair Value
Common stocks	$531,523	$627,262

The fair value of the investments detailed above is determined by reference to market quotations at December 31, 2019 and 2018. The investments are managed by professional investment advisors and managers.

WhyHunger's holdings in equities consist entirely of common stock securities which are carried at their aggregate market values as determined by the quoted market prices at the end of each business day. WhyHunger includes these prices in the amounts disclosed in

3. **Investments at fair value (continued):**

Level 1 of the hierarchy. The following tables present WhyHunger's assets at December 31, 2019 and 2018 that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		2019		
Common stocks	$784,381	$784,381	$ -	$ -
		2018		
Common stocks	$627,262	$627,262	$ -	$ -

4. **Liquidity and availability:**

As of December 31, 2019 and 2018, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

	2019	2018
Total financial assets at year-end:		
Cash and cash equivalents	$ 90,227	$ 251,662
Investments at fair value	784,381	627,262
Contributions and accounts receivable	866,657	1,099,786
Total financial assets at year-end	$1,741,265	$1,978,710

4. Liquidity and availability (continued):

	2019	2018
Less amounts not available to be used within one year:		
Contributions receivable, long-term	$ (9,000)	$ (6,000)
Donor-restricted endowment	(100,000)	(100,000)
Internal Board designated endowment	(656,958)	(534,219)
Total amounts not available to be used within one year	$ (765,958)	$ (640,219)
Financial assets available to meet cash needs for general expenditures within one year	$ 975,307	$1,338,491

WhyHunger receives significant contributions and promises to give restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

In 1995 certain members of the WhyHunger governing board established a Board designated fund for the benefit of WhyHunger (also see Notes 11 and 14). In June 2016, the Board established this fund as the WhyHunger Harry Chapin Endowment Fund. A portion of the income and/or gain earned by the Board designated endowment fund, after the fund reaches an intended goal of $600,000, may be distributed as general support revenue for WhyHunger's programs. The board designated endowment exceeded this threshold at December 31, 2019, no amounts have been distributed by the Board.

WhyHunger manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. WhyHunger operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Further, WhyHunger's investment portfolio consists of common stock which are not subject to any constraints limiting WhyHunger's ability to respond quickly to changes in market conditions.

WhyHunger also has a line of credit available to meet short-term needs. See Note 9 for information about this arrangement.

5. Contributions and accounts receivable:

Conditional promises to give are not recognized in the financial statements until the underlying conditions are substantially met. In April 2014, WhyHunger received a five-year conditional promise to give totaling $750,000. During the year ending December 31, 2018, WhyHunger recognized contributions of $175,000 related to this promise. As of December 31, 2018, total contributions of $750,000 were recognized related to this promise as the underlying administrative conditions were substantially met.

Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The present value of future cash flows of the WhyHunger long-term receivables mirrors face value, accordingly no discount is recorded. Unconditional promises to give recorded at December 31, 2019 and 2018 , along with the expected maturity date of the gifts, are as follows:

	2019	2018
Unconditional promises to give	$866,657	$1,099,786
Amounts due in:		
Less than one year	$857,657	$1,093,786
One to five years	9,000	5,000
More than five years	-	1,000
Total	$866,657	$1,099,786

At December 31, 2019, an unconditional promise to give from one donor through the Organization's third party auction site comprised approximately 16% of the total receivable balance. During the year ended December 31, 2019 support from one separate donor comprised approximately 11% of WhyHunger's total annual revenue and support.

At December 31, 2018, unconditional promises to give from two donors comprised approximately 26% of the total receivable balance. During the year ended December 31, 2018 support from one separate donor comprised approximately 13% of WhyHunger's total annual revenue and support.

6. Prepaid and other assets:

Included in prepaid and other assets are various autographed musical instruments and other memorabilia for future fundraising auction donations, security deposits and prepaid insurance. At December 31, 2019 and 2018, the total balance of prepaid and other assets was $140,965 and $92,014, respectively. Of this amount, $94,437 and $55,356 at December 31, 2019 and 2018, respectively, pertains to autographed musical instruments and other memorabilia.

7. Fixed assets, net:

Fixed assets, net consist of the following at December 31:

	2019	2018
Furniture and fixtures	$ 82,392	$ 81,041
Computer and office equipment	72,154	69,342
Leasehold improvements	20,609	20,609
	175,155	170,992
Less accumulated depreciation	168,334	163,938
Fixed assets, net	$ 6,821	$ 7,054

Depreciation expense for the years ended December 31, 2019 and 2018 totaled $4,396 and $3,614, respectively, is included within depreciation and amortization on the Statements of Functional Expenses.

8. Intangible assets, net:

Intangible assets, net consist of the following at December 31:

	2019	2018
Software and technology	$611,597	$ 611,597
Less accumulated amortization	609,273	604,623
Intangible assets, net	$ 2,324	$ 6,974

Amortization expense for the years ended December 31, 2019 and 2018 totaled $4,650 and $18,085 respectively and is included within depreciation and amortization on the Statements of Functional Expenses.

8. Intangible assets, net (continued):

Estimated amortization expense over the following year is as follows:

Year Ending December 31,	Amount
2020	$ 2,324
Total	$ 2,324

9. Line of credit:

WhyHunger has a line of credit with a financial institution in the amount of $750,000 which matures on October 28, 2020. The line of credit is secured by WhyHunger's assets and interest is charged on any outstanding balances at prime (4.75% at December 31, 2019) plus one percentage point rounded to the next highest 0.125 and is never to be less than 6.25%. At December 31, 2019 and 2018, outstanding borrowings under this line totaled $150,000 and $-0-, respectively.

10. Commitments:

In January 2017, WhyHunger renewed its lease for office space, extending the term through January 2022. WhyHunger also leases various copier and computer machines with terms through June 2022. Minimum future annual rentals are approximately as follows:

Year Ending December 31,	Amount
2020	$ 162,000
2021	161,000
2022	14,000
Total	$ 337,000

For the year ended December 31, 2019, rent expense for the WhyHunger office lease was $165,197, copier rent expense was $1,980 and computer lease expense was $10,562, which is reflected within occupancy expense, equipment rentals expense and supplies and other office expenses, respectively, on the 2019 Statement of Functional Expenses.

For the year ended December 31, 2018 rent expense for the WhyHunger office lease was $161,575, copier rent expense was $1,980 and computer rent expense was $15,527 which is reflected within occupancy expense, equipment rentals expense and supplies and other office expenses, respectively, on the 2018 Statement of Functional Expenses.

11. Board designated fund:

In 1995, certain members of the Board of Directors, in their individual capacities, undertook to establish a Board designated fund for the benefit of WhyHunger. In June 2016, the Board established this fund as the WhyHunger Harry Chapin Endowment Fund. Since this amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restriction.

12. Net assets with donor restriction:

Net assets with donor restrictions are available for the following purposes or periods at December 31:

	2019	2018
Subject to program expenditure for a specified purpose:		
U.S. Food Sovereignty Alliance	$ 59,730	$ 52,577
La Finca farmer cooperative	11,351	36,109
Endowment funds subject to appropriation and expenditure	46,596	19,032
Program expenses, including re-granting of funds	538,664	736,526
Total purpose restriction	656,341	844,244
Subject to the passage of time	7,000	9,000
Subject to be held in perpetuity	100,000	100,000
Total	$763,341	$953,244

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13. Net assets released from restrictions:

During the years ended December 31, 2019 and 2018, net assets with donor restrictions were released for the following purposes:

	2019	2018
Satisfaction of program restrictions:		
U.S. Food Sovereignty Alliance	$ 12,838	$ 36,063
La Finca farmer cooperative	24,758	-
Puerto Rico hurricane victim support	-	19,827
Program expenses, including re-granting of funds	668,763	554,011
Total satisfaction of program restrictions	706,359	609,901
Expiration of time restrictions	2,000	12,000
Total	$ 708,359	$ 621,901

14. Endowment:

WhyHunger's endowment consists of donor-restricted and board designated funds (see Note 11). As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Donor-restricted endowment net assets of $100,000 are held in perpetuity at December 31, 2019 and 2018, the distributions from which are to be used to the extent available and necessary to provide support for an annual concert intended to raise awareness about hunger, health and other important issues, as well as the work of WhyHunger and its chosen community partner.

Interpretation of the relevant law: The spending of endowment funds by a not-for-profit foundation in the State of New York is currently governed by NYPMIFA. WhyHunger has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. WhyHunger classifies as net assets with donor restrictions (to be held in perpetuity) (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument.

14. Endowment (continued):

Interpretation of the relevant law (continued):

In accordance with NYPMIFA, WhyHunger considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of WhyHunger and the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of WhyHunger, (7) where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on WhyHunger and (8) the investment policy of WhyHunger.

Investment return objectives, risk parameters, strategies and spending policy: WhyHunger follows an investment policy approved for all investments including endowment assets. According to WhyHunger's policy, endowment funds shall be invested with the objective of preserving the long-term real purchasing power of the funds' assets while realizing appropriate investment income. Endowment fund assets may be invested in certificates of deposit, Treasury bills, commercial paper, bankers' acceptances, repurchase agreements, mutual funds, exchange traded funds, equities (including common stock, preferred stock, convertible securities and other equities, whether traded on an exchange or not publicly traded), fixed income securities, real estate, commodities, natural-resource related stock, hedge funds, derivatives, alternate investment vehicles and, as to an appropriate portion, cash equivalent investments. The asset allocation of each of the endowment funds shall be determined from time to time by the Board of Directors, in consultation with any managers or advisors if desired (unless the Board delegates such task to an external manager), which allocation shall reflect a proper balance of the endowment fund's investment objective, any risk tolerance standard and the need for liquidity.

Investments of each endowment fund are to be diversified to limit the risk of loss resulting from the concentration of assets in a specific type of investment, specific maturity, specific issuer or sector unless the Board of Directors prudently determines that, because of special circumstances, the purposes of the fund are better served without diversification.

14. Endowment (continued):

Investment return objectives, risk parameters, strategies and spending policy (continued):

The Board of Directors will also review, from time to time, WhyHunger's arrangements with any investment managers, investment advisors, custodians and the banks and other entities with which WhyHunger maintains its financial assets to ensure that the costs and fees associated with each such arrangement are appropriate and reasonable in relation to the assets, WhyHunger's purposes and the skills available.

It is understood that spending of the donor-restricted endowment is to be limited to market appreciation on the original funds contributed. In the event that the endowment account's market value is below the value of the original amount contributed, spending will cease until such a time when the account has recovered its original value through market appreciation. A portion of the income and/or gain earned by the Board designated endowment fund, after the fund reaches an intended goal of $600,000 and sustained a value of $600,000 or more for two consecutive quarters, may be distributed as general support for WhyHunger's programs. On at least an annual basis, the Finance Committee of the Board of Directors shall recommend an amount to be transferred from the income and/or gain of the Board designated endowment fund to the general operating fund of WhyHunger. A percentage of between 1% and 7% would be recommended by the Finance Committee for distribution based on the Finance Committee's evaluation and discretion. It is the Board of Director's intention that the value of the Board designated endowment fund not fall below $600,000 through any distribution.

Endowment net asset composition as of December 31, 2019 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	$ -	$146,596	$146,596
Board-designated endowment funds	656,958	-	656,958
Total funds	$656,958	$146,596	$803,554

14. **Endowment (continued):**

Investment return objectives, risk parameters, strategies and spending policy (continued):

Changes in endowment net assets as of December 31, 2019 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 534,219	$ 119,032	$ 653,251
Net investment income	5,143	984	6,127
Net appreciation	117,596	26,580	144,176
Endowment net assets, end of year	$ 656,958	$ 146,596	$ 803,554

Endowment net asset composition as of December 31, 2018 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	$ -	$119,032	$119,032
Board-designated endowment funds	534,219	-	534,219
Total funds	$534,219	$119,032	$653,251

Changes in endowment net assets as of December 31, 2018 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 567,459	$ 126,981	$ 694,440
Net investment income (expense)	858	(288)	570
Net depreciation	(34,098)	(7,661)	(41,759)
Endowment net assets, end of year	$ 534,219	$ 119,032	$ 653,251

15. Pension plan:

WhyHunger's defined contribution pension plan was established in 1993 under Section 403(b) of the Code. All employees, excluding those who normally work less than 20 hours per week, are eligible to participate in the pension plan upon date of hire. Participating employees contribute to the plan in the form of semi-monthly contributions (subject to annual IRS limitations). The plan provision called for an employer contribution of 5% of compensation after two years of service on a monthly basis. However, as of September 15, 2013, the plan was amended to change the non-elective contribution formula to a discretionary contribution. Several other aspects of the Plan were amended in January 2018. For the years ended December 31, 2019 and 2018, WhyHunger made a discretionary contribution to the plan totaling $-0- and $23,629, respectively.

16. Related parties:

During the years ended December 31, 2019 and 2018, WhyHunger contracted with a printing company owned by one Board member and incurred expense of $2,638 and $-0-, respectively. Additionally during 2019 and 2018, WhyHunger incurred legal expenses of $10,944 and $4,150, respectively, to a law firm owned by a former Board member. During 2019 WhyHunger paid program consulting fees of $3,000 to another Board member.

At December 31, 2018, the Statement of Financial Position reflects pledge receivables of $11,650 from a then member of the WhyHunger Board of Directors.

17. Subsequent event:

In March 2020 an outbreak of a new strain of coronavirus, COVID-19, emerged as a pandemic in New York State and across the United States leading to widespread business shutdowns and significant volatility in the financial markets. To help blunt the spread of COVID-19 and reduce the density of exposure, many businesses and organizations have temporarily ceased operations or are operating on a very limited or remote basis. As of May 27, 2020, the date of the report, the coronavirus outbreak is still evolving. The coronavirus is expected to have an impact on the Organization's future streams of funding, as well as the need for the Organization's programs and services. However, the ultimate extent of the pandemic's impact on the Organization's financial condition and results of operations will depend of future developments which are highly uncertain and cannot be predicted. As the impact of the coronavirus is not estimable, no provision for this uncertainty is included in the accompanying financial statements.

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NOTES TO FINANCIAL STATEMENTS

17. Subsequent event (continued):

To provide stimulus to businesses and organizations and mitigate the adverse effects of the coronavirus outbreak, the Small Business Administration (SBA) began offering loans to businesses under the Paycheck Protection Program (PPP). Subsequent to year-end, the Organization received a PPP loan in the amount of $331,500. If the Organization complies with prescribed rules of the PPP, all or a portion of the loan may be eligible to be forgiven.

18. Upcoming accounting pronouncement:

In February 2016, FASB released ASU 2016-02, Leases (ASC 842). Under ASU 2016-02, lessees will be required to bring substantially all leases onto their balance sheets by recording a right-of-use asset and lease liability. Expense will be recognized on a straight-line basis for an operating lease. Recognition of expense for a finance lease will be similar to the current treatment of capital leases. The amendments in ASU 2016-02 are currently effective for WhyHunger's fiscal year ending December 31, 2021, although there is a proposal to defer the date for an additional one year due to the COVID-19 pandemic. WhyHunger is currently evaluating the impact of this pronouncement.